

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : **Chapter 11**
:
SEARS HOLDINGS CORPORATION, et al., : **Case No. 18-23538 (RDD)**
:
Debtors.¹ : **(Jointly Administered)**
:
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**SEVENTH MONTHLY FEE STATEMENT OF ALVAREZ & MARSAL
NORTH AMERICA, LLC FOR COMPENSATION EARNED AND
EXPENSES INCURRED FOR MAY 1, 2019 THROUGH MAY 31, 2019**

Name of Applicant: Alvarez & Marsal North America, LLC

Authorized to Provide Professional Services Debtors and Debtors in Possession
to:

Date of Retention: November 13, 2018, *nunc pro tunc* to
October 15, 2018

Period for which compensation and May 1, 2019 through May 31, 2019
reimbursement is sought:

Monthly Fees Incurred: \$20,342.50

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); SHC Licensed Business LLC (3718); SHC Promotions LLC (9626); Sears Brands Management Corporation (5365), and SRE Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

20% Holdback: \$4,068.50

Total Compensation Less 20% Holdback: \$16,247.00

Monthly Expenses Incurred: \$5.77

Total Fees and Expenses Due: \$16,279.77

This is a: X monthly interim final application

In accordance with the *Order Authorizing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [ECF No. 796] (the “Interim Compensation Order”),² Alvarez & Marsal North America, LLC (“A&M”) hereby submits this seventh monthly fee statement (the “Seventh Monthly Fee Statement”), seeking compensation for services rendered and reimbursement of expenses incurred as financial advisor to the Debtors, for the period from May 1, 2019 through May 31, 2019 (the “Seventh Monthly Fee Period”). By this Seventh Monthly Fee Statement, A&M seeks payment in the amount of \$16,279.77, which comprises (i) \$16,247.00, representing eighty percent (80%) of the total amount of compensation sought for actual and necessary services rendered during the Seventh Monthly Fee Period, and (ii) reimbursement of \$5.77, representing one hundred percent (100%) of actual and necessary expenses incurred in connection with such services.

Services Rendered and Expenses Incurred

Attached are the following schedules in support of this Seventh Monthly Fee Statement:

- Exhibit A - Summary of Time Detail by Task
- Exhibit B - Time Detail by Activity by Professional

² Capitalized terms used herein but not otherwise defined herein have the meanings ascribed to them in the Interim Compensation Order.

- Exhibit C - Expense Detail by Category.

Notice and Objection Procedures

Notice of this Seventh Monthly Fee Statement shall be given by hand or overnight delivery or email where available upon (i) Sears Holdings Corporation, 3333 Beverly Road, Hoffman Estates, Illinois 60179, Attention: Rob Riecker (email: Rob.Riecker@searshc.com) and Luke Valentino (email: Luke.Valentino@searshc.com); (ii) counsel to the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attention: Ray C. Schrock (email: ray.schrock@weil.com), Jacqueline Marcus (email: jacqueline.marcus@weil.com), Garrett A. Fail (email: garrett.fail@weil.com), and Sunny Singh (email: sunny.singh@weil.com); (iii) William K. Harrington, the United States Trustee, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, NY 10014, Attention: Paul Schwartzberg (e-mail: paul.schwartzberg@usdoj.gov) and Richard Morrissey (e-mail: richard.morrissey@usdoj.gov); (iv) Paul E. Harner, Ballard Spahr LLP, the independent fee examiner, 1675 Broadway 19th Floor, New York, NY 10019 (email: harnerp@ballardspahr.com); (v) counsel to the Official Committee of Unsecured Creditors, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York, 10036, Attention: Philip C. Dublin (email: pdublin@akingump.com), Ira Dizengoff (email: idizengoff@akingump.com), and Sara Lynne Brauner (email: sbrauner@akingump.com); and (vi) counsel to Bank of America, N.A., Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, Attention: Paul D. Leake (email: paul.leake@skadden.com), Shana A. Elberg (email: shana.elberg@skadden.com) and George R. Howard (email: george.howard@skadden.com) (collectively, the “Notice Parties”).

Objections to this Seventh Monthly Fee Statement, if any, must be filed with the Court and served upon the Notice Parties so as to be received no later than **June 27, 2019**

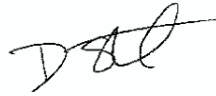
(the “Objection Deadline”), setting forth the nature of the objection and the amount of fees or expenses at issue (an “Objection”).

If no objections to this Seventh Monthly Fee Statement are filed and served as set forth above, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified herein.

If an objection to this Seventh Monthly Fee Statement is received on or before the Objection Deadline, the Debtors shall withhold payment of that portion of this Seventh Monthly Fee Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth above. To the extent such an objection is not resolved, it shall be preserved and scheduled for consideration at the next interim fee application hearing to be heard by the Court.

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Dated: June 12, 2019



Dennis Stogsdill
Managing Director
Alvarez & Marsal North America, LLC



Alvarez & Marsal North America, LLC
600 Madison Avenue, 8th Floor
New York, NY 10022
Phone: +1 212 759 4433
Fax: +1 212 759 5532

June 12, 2019

Sears Holdings Corporation
3333 Beverly Road
Hoffman Estates, IL 60179

Dear Sir or Madam,

Pursuant to the Bankruptcy Court's Order authorizing the retention of Alvarez & Marsal North America, LLC ("A&M") as the financial advisor to the Restructuring Sub-Committee ("RSC") of Sears Holdings Corporation, *et al*, ("Sears" or the "Debtor") with respect to all RSC Conflict Matters *Nunc Pro Tunc* to October 15, 2018, dated November 13, 2018 (the "Retention Order") and the engagement letter between A&M and the Debtor dated October 15, 2018 (the "Engagement Letter"), A&M submits this statement detailing professional fees and expenses in connection with the work completed on behalf of the Debtor for the period from May 1, 2019 through May 31, 2019 (the "Covered Period").

During the Covered Period, A&M rendered professional services totaling \$20,342.50 and incurred expenses related to these services in the amount of \$5.77. A&M is eligible for payment of 80% of the fees incurred and 100% of the expenses incurred pending the fifteen (15) day objection period. Accordingly, the total amount payable herein pending no objections is \$16,279.77.

Attached are the following schedules in support of this monthly statement:

- Exhibit A - Summary of Time Detail by Task;
- Exhibit B - Time Detail by Activity by Professional;
- Exhibit C - Expense Detail by Category

Please do not hesitate to contact me with any questions or concerns.

Sincerely,

Dennis Stogsdill
Managing Director
Alvarez & Marsal North America LLC

Invoice for Professional Fees and Out of Pocket Expenses
For the period of May 1 - May 31, 2019

Professional Name	Position	Hours		Fees
<u>Restructuring</u>				
Dennis Stogsdill	Managing Director	2.5	\$1,025	\$ 2,562.50
Brian Corio	Senior Director	8.1	\$800	6,480.00
Jordan Kravette	Analyst	7.2	\$450	3,240.00
		17.8		12,282.50
<u>Disputes & Investigations</u>				
Karen Engstrom	Managing Director	4.2	\$800	3,360.00
Edward McDonough	Managing Director	1.2	\$800	960.00
Rachel Mimms	Manager	6.8	\$550	3,740.00
		12.2		\$ 8,060.00
Total Professional Hours & Fees		30.0	\$	20,342.50
Out of Pocket Expenses: ¹				
	Phone/Internet			5.77
Total Expenses			\$	5.77
Total Invoice			\$	20,348.27
Amount to be Paid (80% Fees + 100% Expenses)			\$	16,279.77

(1) Includes select expenses from prior months as all expenses must clear A&M internal review and audit before they are submitted on invoice, as such, delayed submissions may appear from time to time.

Exhibit A

Matter	Description	Total Hours	Total Fees
Fee Applications	Prepare monthly fee statements, interim and final fee applications in accordance with court guidelines.	6.0	\$ 3,160.00
Investigation	Independent investigation on behalf of the Restructuring Subcommittee regarding the financial condition of the Debtors at the time of various asset transfer/sales and financings.	24.0	17,182.50
Total		30.0	\$ 20,342.50

Fee Application

Name	Date	Matter Code	Duration	Description
Jordan Kravette	5/5/2019	FEE	0.4	Respond to M-III email regarding A&M fee applications
Jordan Kravette	5/5/2019	FEE	1.0	Prepare April fee application
Jordan Kravette	5/6/2019	FEE	0.2	Prepare April fee application
Jordan Kravette	5/17/2019	FEE	1.3	Prepare files for fee examiner
Jordan Kravette	5/19/2019	FEE	1.8	Prepare files for fee examiner
Dennis Stogsdill	5/21/2019	FEE	0.3	Review and respond to letter from fee examiner
Dennis Stogsdill	5/21/2019	FEE	0.5	Review submission for fee examiner and propose edits
Jordan Kravette	5/23/2019	FEE	0.5	Prepare files for fee examiner

Investigation

Name	Date	Matter Code	Duration	Description
Dennis Stogsdill	5/2/2019	INV	0.3	Review analysis for Paul Weiss litigation team
Dennis Stogsdill	5/2/2019	INV	0.2	Participate in call with Hurwitz and Giller (Paul Weiss) regarding budget estimate
Dennis Stogsdill	5/2/2019	INV	0.2	Discussions with internal staff regarding potential expert testimony needs
Karen Engstrom	5/2/2019	INV	1.2	Review draft liquidation analysis
Brian Corio	5/2/2019	INV	3.9	Review liquidation analysis and complaint to support allocation of avoidance actions to entities
Brian Corio	5/3/2019	INV	2.8	Review liquidation analysis and complaint to support allocation of avoidance actions to entities
Karen Engstrom	5/6/2019	INV	0.4	Respond to inquiries from Paul Weiss regarding complaint revisions
Karen Engstrom	5/9/2019	INV	0.4	Prepare damages estimate at request of Paul Weiss
Rachel Mimms	5/9/2019	INV	0.5	Review complaint at the request of Paul Weiss
Rachel Mimms	5/10/2019	INV	2.0	Review complaint at the request of Paul Weiss
Rachel Mimms	5/10/2019	INV	0.5	Prepare damages estimate as requested by Paul Weiss
Dennis Stogsdill	5/12/2019	INV	0.7	Review analysis for Paul Weiss litigation team
Karen Engstrom	5/12/2019	INV	0.5	Prepare damages estimate at request of Paul Weiss
Karen Engstrom	5/13/2019	INV	1.7	Prepare damages estimate at request of Paul Weiss
Edward McDonough	5/13/2019	INV	1.2	Prepare damage analysis at the request of Paul Weiss
Rachel Mimms	5/13/2019	INV	0.8	Assist in the preparation of damage estimate
Rachel Mimms	5/13/2019	INV	1.5	Prepare damages estimate as requested by Paul Weiss
Rachel Mimms	5/13/2019	INV	1.5	Revise damages estimate as requested by Paul Weiss
Jordan Kravette	5/21/2019	INV	2.0	Research retail experts at the request of Paul Weiss
Dennis Stogsdill	5/22/2019	INV	0.3	Review list of retail consultants and provide feedback to team
Brian Corio	5/23/2019	INV	0.8	Review list of retail consultants and make edits to list prior to distributing to Paul Weiss
Brian Corio	5/23/2019	INV	0.6	Discuss list of retail consultants with Paul Weiss

Exhibit C

Name	Item / Description	Expense Type	Date	Amount
Brian Corio	04/13/2019 - 05/12/2019 Wireless Usage Charges	Phone/Internet	4/12/2019	5.77
			\$	5.77